

## Message Text

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ACTION EB-07

INFO OCT-01 AF-08 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00  
NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /096 W  
-----111106Z 002140 /23-12

R 110552Z JAN 77  
FM AMEMBASSY ADDIS ABABA  
TO SECSTATE WASHDC 2251  
INFO USDEL MTN GENEVA  
USDOC WASHDC

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E.O. 11652: NA  
TAGS: ETRD,MTN,ET  
SUBJECT: MTN: US NEGOTIATING OBJECTIVES-ETHIOPIA

REF: A. 76 STATE 308918, B. 76 ADDIS ABABA 10674

1. EMBASSY IS UNABLE TO IDENTIFY ANY TRADE BARRIERS OR OTHER MEASURES RESTRICTING ETHIOPIAN IMPORTS FROM THE US WHICH US MIGHT SEEK TO HAVE ELIMINATED IN MTN. ETHIOPIAN TARIFF SYSTEM DOES NOT DISCRIMINATE AMONG COUNTRIES OF ORIGIN AND, AS A RESULT, AMERICAN GOODS RECEIVE THE SAME TREATMENT AS GOODS FROM ANY OTHER COUNTRY. IN ADDITION TO GENERAL TARIFFS FOR REVENUE GENERATION, ETHIOPIA HAS ADDITIONAL HIGH TARIFFS AND SIGNIFICANT NON-TARIFF BARRIERS TO PROTECT THE FEW DOMESTIC INDUSTRIES IN THE COUNTRY. HOWEVER, IMPORTS FROM THE UNITED STATES DO NOT COMPLETE WITH ANY LOCAL INDUSTRY. OVER THE PAST FEW YEARS, THE MAJOR US EXPORTS TO ETHIOPIA HAVE BEEN ITEMS SUCH AS FERTILIZER, CHEMICAL MATERIALS, MEDICAL AND PHARMACEUTICAL PRODUCTS, PETROLEUM PRODUCTS, FARM MACHINERY, TEXTILE AND LEATHER MACHINERY, OFFICE MACHINES, OTHER MACHINERY, ROAD MOTOR VEHICLES, AIRCRAFT, SCIENCE AND PROFESSIONAL INSTRUMENTS, TELECOMMUNICATIONS EQUIPMENT, TOBACCO AND FOOD PRODUCTS. ONE OF THESE IS IN DIRECT

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COMPETITION WITH ETHIOPIAN LOCAL PRODUCTS. EVEN IN THE CASE OF FOOD AND CLOTHING, WHERE SIMILAR LOCALLY PRODUCED PRODUCTS ARE SOLD, THE PRICE AND QUALITY DIFFERENTIALS ARE SO GREAT THAT IN EFFECT THERE EXIST TWO DISTINCT MARKETS. GOVERNMENT PURCHASES ARE GENERALLY DONE ON A TENDER BASIS, WITH FIRMS FROM ALL COUNTRIES HAVING EQUAL OPPORTUNITY TO BID.

2. IN LIGHT OF THE ABOVE SITUATION, EMBASSY CANNOT SUGGEST ANY TARIFF OR NON-TARIFF CONCESSIONS WHICH US COULD REQUEST FROM EPMG WITH THE EXPECTATION OF INCREASING THE US MARKET SHARE IN ETHIOPIA. ANY CONCESSION WHICH US MIGHT BE ABLE TO EXTRACT FROM EPMG WOULD BE A GENERAL CONCESSION AND WOULD THUS ALSO BE APPLIED TO COMPETITOR NATIONS SO US EXPORTERS WOULD GAIN NO RELATIVE ADVANTAGE. AMONG THE IMPORTANT CONSTRAINTS WHICH LIMIT THE SALE OF US GOODS IN ETHIOPIA ARE THE SMALL SIZE OF THE MARKET, PRICE (AS OPPOSED TO QUALITY) CONSCIOUSNESS OF MANY BUYERS, CREDIT TERMS, DELIVERY TIMES, AND ESTABLISHED BRAND PREFERENCES (ESPECIALLY FOR EUROPEAN BRANDS WHICH HAVE LONG EXPERIENCE IN ETHIOPIA). NONE OF THESE FACTORS IN SUBJECT TO CONCESSION BY THE EPMG.

3. EMBOFF DISCUSSED ETHIOPIAN PARTICIPATION IN MTN WITH ATO YOSEPH WOLDE MICHAEL, HEAD OF THE EXTERNAL TRADE DEPARTMENT IN MINISTRY OF COMMERCE, ON JANUARY 6. YOSEPH CONFIRMED THAT HIS OFFICE WAS PRIMARILY RESPONSIBLE FOR EPMG PARTICIPATION IN MTN AND STATED THAT ETHIOPIAN PARTICIPATION HAD BEEN, AND WAS LIKELY TO CONTINUE TO BE, MINIMAL. HE EXPLAINED THAT ALTHOUGH ETHIOPIA HAS A TWO-MAN EMBASSY IN GENEVA, THAT OFFICE AS TOO BUSY TO PARTICIPATE ACTIVELY IN THE MTN. HE WAS UNABLE TO DISCUSS SPECIFIC TRADE AND TARIFF ISSUES AND INDICATED HE WAS NOT WELL INFORMED ON DETAILED ISSUES BEING CONSIDERED AT MTN. IN VIEW OF YOSEPH'S COMMENTS, IT IS HIGHLY UNLIKELY THAT ETHIOPIA WILL PARTICIPATE IN A MEANINGFUL WAY IN MTN. THE DIRECTOR OF THE AFRICAN MTN PROJECT AT THE UN ECONOMIC COMMISSION FOR AFRICA CONFIRMED TO EMBOFF THAT HE HAS HAD NO SUCCESS IN ATTEMPTING TO INTEREST EPMG IN MTN.

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4. REFTTEL B REPORTED A CHANGE IN ETHIOPIAN CUSTOMS CLASSIFICATION SYSTEM. COPIES OF NEW TARIFF SYSTEM WERE POUCHED TO AF/E, AF/EPS, AND EB/OT IN THE DEPARTMENT AND TO OIM/AF IN COMMERCE, IN OCTOBER 1976. THAT DOCUMENT FULLY EXPLAINS THE CURRENT ETHIOPIAN TRADE REGULATIONS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE CONTROLS, TRADE CONCESSIONS, MARKET SURVEYS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 11-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ADDIS00135  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770010-0089  
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**Litigation History:** Hold (001 Tobacco) added on 4/16/2009 3:39:10 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** f0e4b6db-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 308918, 76 ADDIS ABABA 10674  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 3629420  
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**Subject:** MTN: US NEGOTIATING OBJECTIVES-ETHIOPIA  
**TAGS:** ETRD, US, ET, MTN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/f0e4b6db-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009